

# UTAH HEALTH POLICY PROJECT

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## Strengthening the Utah Premium Partnership Program Waiver: RECOMMENDATIONS

The Utah Premium Partnership (UPP) program helps low-income individuals and families purchase private health coverage by providing a subsidy of \$150 per adult and \$100 per child. Today, UPP is available only to individuals and families who are offered employer-sponsored health coverage. HB133 (Health System Reform), however, asked the Department of Health (DOH) to seek a new Medicaid waiver that would make two important changes to UPP: 1) Expand UPP to allow individuals and families to purchase *individual* coverage if they do not have access to an employer-sponsored insurance plan; 2) Make UPP the preferred program for children in low-wage earning families by prohibiting UPP-eligible children from enrolling in CHIP. Last month the DOH released a working draft of the waiver to the Medical Care Advisory Committee, its advisory body on Medicaid issues. The Utah Health Policy Project provided the DOH with constructive criticism of that draft. The UPP program will be stronger and the broader goals of HB133 will be satisfied if the following issues are addressed:

1. The waiver seeks a blanket exemption on the 5% cost sharing restrictions for families who enroll in UPP. This is concerning on many levels. First, it creates a disincentive for parents, particularly parents of children with special health care needs, to use the UPP subsidy. The cost sharing required by private insurance could easily be unaffordable, placing the family at financial risk.

**A possible solution to this problem is to set up a trigger mechanism that would allow a family to enroll their children in CHIP if the family's cost sharing obligations in the private market exceed 5% of their income.**

2. Utah's current HIFA waiver requires private insurance plans purchased with the UPP subsidy to provide childhood immunizations, baby and well child visits, and physician services and pharmacy. It also limits the maximum deductible of a plan that can be purchased using the subsidy to \$1000. We fear that health plans with high deductibles and limited coverage or coverage exclusions will defer costs to other parts of the health care system. It is not clear what will happen to these existing safeguards if the waiver is approved. Will these critical protections be included in the new waiver for individuals purchasing insurance? If not, how will the DOH ensure that subsidies are being used to purchase quality and affordable plans?

**We ask that the current UPP private insurance standards be included in the new waiver.**

3. The waiver asks that Utah be permitted to exclude families whose parents enroll in UPP from Utah's CHIP program. Unfortunately, a growing number of employers only offer health coverage to the employee and not to family members. What happens to a family in this situation? If a parent wishes to use the UPP subsidy to purchase insurance for themselves, are they then expected to purchase individual coverage for their children on the private market without a subsidy? If they *do* receive a subsidy to purchase individual coverage for their child, how much do they receive?

**The language of HB133 should not prevent the Department from providing CHIP to children in this situation. Therefore, we ask that families in a situation where a parent's employer offers insurance to the employee but not to family members be given the option to enroll their children in CHIP.**

4. The proposed sliding scale subsidy for individuals who purchase individual plans, wherein premiums are split 40/60 between the individual and the state, is not structured appropriately. It is not scaled to income levels and therefore not based on an individual's ability to pay. While the proposed subsidy amounts appear sufficient for young individuals and their families to buy private individual insurance, the same cannot be said for older individuals or parents.

**The UPP subsidy should be based on income and ability to pay. This can be achieved by setting a maximum out-of-pocket monthly premium payment based on percentage of income (ex: 2% of income would equal an**

individual or family's maximum premium contribution amount).

5. HB133 requires the state to examine UPP and CHIP enrollment policies and whether those policies provide appropriate and effective coverage for children. How is the DOH planning on monitoring this impact? On page 21 of the draft waiver, the department suggests it will compare costs between UPP and CHIP, but we believe HB133 requires monitoring that is more substantial than just looking at cost.  
**We ask the DOH to describe how they will study the *full* impact of moving CHIP-eligible children to UPP within the new waiver, including: cost, quality and scope of benefits, and access to cost-effective primary and preventive care.**

6. For the sake of flexibility, simplicity and consistency, the new waiver should increase eligibility for UPP to 200% for all eligible populations. The state may not have the resources to increase eligibility to 200% for adults immediately, but asking for this now will give the state greater choice in how it addresses affordability problems in the future. It is likely that in the very near future individuals and families earning over 150% FPL will need help paying for health insurance premiums. At particular risk are childless adults. With the minimum wage increasing to \$7.25 next year, we will be facing a situation where low income people will not be able to work overtime or accept pay raises because they will lose their subsidy. Such a policy runs counter to the values of self sufficiency.

**We believe the solution to these problems is to simply increase eligibility for UPP to 200% of FPL.**

7. The waiver is written in a way that could be interpreted as precluding the state's ability to ask for other waivers or state plan amendments in the future. We are particularly concerned that the waiver could prevent the state from seeking cost-effective eligibility expansions permitted under Sections 1931 and 1902 (R) 2 of the Social Security Act, and the Family Opportunity Act. We believe the state needs every tool at its disposal to address issues of affordability and access.

**We ask that new waiver explicitly permit the state to seek new waivers or simple state plan amendments in the future.**

8. We are fearful the UPP program could create a disincentive for employers to provide health coverage to their employees. Because the employer contribution for health care coverage is so important in ensuring that health insurance is affordable to employees, and there are sufficient resources for UPP to function properly, we ask the DOH to create incentives for employers to continue contributing to their employees' health plans.

**To ensure that UPP dollars are used appropriately, the state should maintain the requirement on employers with full time employees to cover at least 50% of premium cost.**

## In Conclusion

As stewards of the public trust, policymakers and DOH officials should make sure that taxpayers are getting good value from their investment in UPP. To this end, UPP should only be used to facilitate access to affordable, quality, comprehensive health care coverage.